Supreme Court, U.S.
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No. 97-1177

In The

Supreme Court of the United States

October Term, 1997

E.J. COMPANY, VIRA HAYES and ROBERT HAYES,

Petitioners,

v.

SANDVIK AKTIEBOLAG,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether the decision below properly concluded that the activities at issue constitute impermissible reconstruction of the patented invention, where those activities in fact make a new article, after the patented entity as a whole has become spent, and thereby re-create the patented invention from scrap?

PARTIES TO THE PROCEEDING

The petition accurately identifies the parties to the proceeding as those appearing in the caption.

Pursuant to Rule 29.6, respondent Sandvik Aktiebolag states that it has no parent corporation and identifies Seco Tools Aktiebolag as a majority-owned subsidiary.

TABLE OF CONTENTS

Page

Question Presented i

Parties to the Proceeding ii

Table of Authorities iv

Statement of the Case 1

Reasons for Denying the Writ 4

I. There is no conflict with this Court's precedent 4

II. The petition misleadingly isolates portions of the Federal Circuit's analysis 6

III. The decision was based on its own facts and circumstances and does not produce any far reaching consequences 11

Conclusion 12

TABLE OF AUTHORITIES

Page

American Cotton-Tie Co. v. Simmons,
106 U.S. 89 (1882) 9, 10

Aro Mfg. Co. v. Convertible Top Replacement Co.,
365 U.S. 336 (1961) ..... *passim*

Kendall Co. v. Progressive Medical Tech., Inc.,
85 F.3d 1570 (Fed. Cir. 1996) 10

Sage Prods., Inc. v. Devon Indus., Inc.,
45 F.3d 1575 (Fed. Cir. 1995) 10

Wilson v. Simpson,
50 U.S. (9 How.) 109 (1850) 7, 8, 9

STATEMENT OF THE CASE

This case involves a patented drill having a unique tip geometry. The geometry is known in the industry as the "Hosoi" geometry, named after its inventor, and is embodied in a commercially available drill, sold under the Sandvik Coromant Delta brand name. The drill is covered by U.S. Patent No. 4,222,690 (the '690 patent) and U.S. Patent No. 4,381,162 (the '162 patent), which are the patents in suit. [App. 35a - 50a].

The patents in suit are generally directed to a drill with a shank portion and a specific carbide tip geometry that has specially configured cutting edges and that result in a drill suitable for high-feed machining with improved cutting ability, especially at its center portion. Claim 1 of the '690 patent, for example, claims a drill which has a pair of cutting edges, each having a greater curvature in the radial inner portion than in the outer peripheral portion of the drill, and each being formed with a rake face having a rake angle approximately equal to zero at the radial inner portion of the rake face. The claimed drill further includes twisted grooves and means defining a cavity formed in the twisted grooves close to the starting end of each of the cutting edges. The '162 patent describes and claims similar subject matter. There is no dispute that the patents in suit cover both the commercially available Sandvik drill at issue here, and the resultant drill produced by petitioners' activities with respect to the Sandvik drill.

The commercial embodiment of Sandvik's patented drill includes a shank that is made of medium carbon steel. The drill tip is made of a more durable carbide, which is brazed to the shank. Brazing is like soldering, but with a much higher melting point, and requires a temperature of 1300° F to join the

carbide tip to the steel shank. Although the carbide tip is very durable, over time and use, the drill tip dulls and may require resharpening. Resharpening, which is also known as regrinding, involves putting a new edge on the drill tip. Typically, the patented drill can cut through about 1,000 inches of material before resharpening is required, depending, of course, upon the hardness of the material being cut. Sandvik expects the drill tip to be resharpened and, in fact, issues guidelines explaining how to resharpen the tip so as to maintain the specially configured cutting edges. Sandvik does not contend that resharpening constitutes infringement.

Petitioner E.J. provides its customers with a service in which it offers not only to resharpen worn Sandvik drills, but also to retip those drills that are too worn or broken to be resharpened. Thus, when a drill tip has chipped, cracked or simply wore down after being resharpened several times, E.J. offers to retip the drill. E.J., however, admits that some of its customers elect not to have the drill retipped and, instead, request that E.J. simply discard the used drill. In such instances, E.J. complies with the request and discards the drill. It is undisputed that the drill has reached the end of its useful life when it cannot be resharpened, unless it is retipped. No one, other than E.J., retips Sandvik's patented drills.

E.J.'s retipping process involves removing the worn or damaged tip by heating it to 1300° F using an acetylene torch to melt the braze and thus loosen the carbide tip. E.J. then brazes in a rectangular piece of new carbide onto the drill shank. After the piece of carbide has cooled, E.J. re-creates the same geometry of the cutting edges found in a new Sandvik drill by machining, grinding and honing the carbide. This process includes: (1) grinding the carbide to the proper outside diameter; (2) grinding the carbide to a point; (3) grinding the

rake surfaces of the new point; (4) grinding the center of the new point; and (5) honing the edges. Subsequently, E.J. re-creates the cutting edges by following Sandvik's instructions for tip resharpening.

Sandvik claims that E.J.'s retipping service constitutes an infringing reconstruction of its patented drills. Sandvik does not manufacture or sell replacement drill tips. Sandvik also does not offer any of its own retipping services for the patented drills and does not publish any instructions on how to retip the drills. Instead, Sandvik contends that it never intended for the drills to be retipped. E.J. contends that its retipping service is a lawful repair of the patented drills.

On December 7, 1994, Sandvik filed a patent infringement suit in the United States District Court for the Middle District of Tennessee, claiming that E.J.'s retipping service was an impermissible reconstruction of the patented drills and that E.J.'s actions, therefore, constituted an infringement of the '690 and '162 patents. On summary judgment, the district court held that E.J.'s retipping activities constituted a permissible repair, not an infringing reconstruction, and dismissed the case on November 7, 1996. Sandvik appealed the district court's summary judgment to the Federal Circuit. On August 6, 1997, the Federal Circuit reversed and concluded that E.J.'s activities resulted in infringing reconstruction. The Federal Circuit denied E.J.'s Petition for Rehearing and Suggestion for Rehearing In Banc on October 16, 1997, and elected not to reconsider its decision. The instant petition seeks review of the Federal Circuit's decision to reverse the district court's summary judgment.

REASONS FOR DENYING THE WRIT

The decision below is plainly a proper application of settled law, and there is no conflict with this Court's precedent. In attempting to curry review, the petition portrays the Federal Circuit's opinion as overlooking this Court's precedent and creating a new test. This portrayal is flatly contrary to the opinion itself and distorts the underlying analysis.

The petition misleadingly dissects the opinion below, ignores the totality of the circumstances and instead focuses on isolated portions of the opinion, which in turn are mischaracterized as being of "great" or "considerable" weight in the Federal Circuit's analysis. This does not provide any cause for review. The case was decided on its own facts and circumstances and, contrary to the allegations in the petition, does not result in any far reaching consequences. This Court should, therefore, deny review.

I. There is no conflict with this Court's precedent

In *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336 (1961) (*Aro I*), this Court held that replacement of unpatented fabric in a patented convertible top mechanism was permissible repair, not impermissible reconstruction. In reaching this result, this Court clarified the type of conduct that constitutes infringing reconstruction:

> The decisions of this Court require the conclusion that reconstruction of a patented entity, comprised of unpatented elements, is limited to such a true reconstruction of the entity as to "in fact make a new article," after the entity, viewed as a whole, has become spent. In order to call the monopoly into play

> for a second time, it must, indeed, be a second creation of the patented entity.

Aro I, 365 U.S. at 346 (citations omitted). This Court has, therefore, made clear that the analysis requires a determination of whether a new article has, in fact, been made, so as to re-create the patented entity. Contrary to the petition's insinuations, this is precisely what the Federal Circuit did here.

As the opinion below indicates, the Federal Circuit scrutinized the facts and applied this Court's plain and practical test from *Aro I* in concluding that E.J.'s activities do, in fact, re-create the patented drill after it had become spent:

> By E.J.'s own admission, the drill is "spent" when the tip can no longer be resharpened unless it is retipped. In fact, the record reveals that E.J.'s customers may elect not to retip and inform E.J. to discard the drill instead.
>
> Moreover, the nature of the work done by E.J. shows that retipping is more like reconstruction than repair. E.J. does not attach a new part for a worn part, but rather must go through several steps to replace, configure and integrate the tip onto the shank. It has to break the worn or damaged tip from the shank by heating it to 1300 degrees Fahrenheit. It brazes to the shank a new rectangular block of carbide and grinds and machines it to the proper diameter and creates the point. Thereafter, the tip is honed and sharpened, grinding the rake surfaces and the center of the point and honing the edges. These actions are effectively a re-creation of the patented invention.

[App. 6a-7a].

Nevertheless, in dissecting the decision below, the petition completely ignores this portion of the Federal Circuit's analysis and leaves unrefuted the Federal Circuit's conclusion that E.J.'s activities make new drills from spent ones in accordance with *Aro I*. There is, however, no question that *Aro I* requires this conclusion. By heating the used carbide tip to 1300° Fahrenheit to remove it, brazing in a block of new rectangular carbide (which itself has no cutting edges), and subsequently machining, grinding and honing the carbide material to re-create the same geometry that is embodied in a new patented drill, E.J.'s activities do, in fact, make a new article from a spent one. In fact, to call these activities a "re-creation" is an understatement. It is a first creation of the drill's geometry on a primitive, rectangular block of carbide that never before bore even the suggestion of the point, rake surfaces or cutting edges that are embodied in a new Sandvik drill.

The Federal Circuit has properly scrutinized the facts and applied this Court's analysis from *Aro I*. The petition's skewed and piecemeal attack to the contrary does not merit review.

II. The petition misleadingly isolates portions of the Federal Circuit's analysis

Ignoring altogether the Federal Circuit's conclusion that E.J.'s activities re-create new drills from spent ones, the petition asks this Court to likewise ignore the totality of the circumstances and to instead consider individual issues in isolation. This alone is improper under *Aro I*. However, the peititon does not stop there. In an effort to peak this Court's interest, the petition further distorts the import of those isolated portions as being of "great" or "considerable" weight in the Federal Circuit's analysis. Those distortions are simply not true.

For example, E.J. contends that the Federal Circuit "placed great weight" on the relative life spans of the unpatented components and the patented combination. The opinion, however, never suggested that such evidence was of great weight in the analysis, and it was never treated as such. In fact, the Federal Circuit's reference to this issue was clearly to the contrary. The Federal Circuit merely sought to confirm that there was no additional facts or circumstances that would support a contrary conclusion of permissible repair. [App. 7a] (stating that "[t]his is not a case where it is clear that the patented device has a useful life much longer that that of certain parts which wear out quickly").

This approach is hardly surprising. Indeed, in *Aro I*, this Court compared the expected life spans of the unpatented fabric, on the one hand, and the patented convertible top mechanism, on the other, in an effort to determine whether a new device had been made. And, in *Wilson v. Simpson*, 50 U.S. (9 How.) 109, 126 (1850), this Court likewise compared the respective life spans of an unpatented part and the patented combination, as the Federal Circuit did here, stating that:

> [If a] part of the combination is meant to be only temporary in the use of the whole, and to be frequently replaced, because it will not last as long as the other parts of the combination, its inventor cannot complain.

Even the petition itself admits that the comparison of the respective life spans is not improper:

> [T]here may be circumstances where the fact that the unpatented element of a patented combination has a shorter life span than the rest of the combination is persuasive evidence that a certain activity is permissible repair. In this regard, the shorter life span may tend to show an expectation that replacement will be necessary.

[Pet. 13]. It was, therefore, entirely appropriate for the Federal Circuit to consider whether there was any evidence that the drill's carbide tip was meant to be temporary, as this Court did in *Aro I* and *Wilson*, and that consideration certainly does not warrant review.

The petition similarly seeks to dissect and take other isolated portions of the opinion out of context. For instance, E.J. contends that the Federal Circuit "placed great weight on its finding that there was no substantial market for drill retipping of the sort required for the Sandvik drill." [Pet. 14]. Again, however, there was no such emphasis.

Like the reference to the life spans of parts in a patented combination, the Federal Circuit sought to confirm that there was no evidence that would tend to support a contrary conclusion of permissible repair. The Federal Circuit simply noted that there was no evidence of a market for retipping Sandvik's patented drills, other than the services offered by E.J. It did so for good reason. It was following this Court's lead in *Aro I*, where this Court made reference to evidence of an industry for replacement parts. *See Aro I*, 365 U.S. at 338 (noting that "[t]he consequent demand for replacement fabrics

has given rise to a susbstantial industry"). Accordingly, this was likewise a proper consideration in the analysis, as the petition again concedes. [Pet. 14] (stating that "this is another factor which may be helpful in demonstrating that a particular activity should be viewed as permissible repair"). The petition's factbound claim to the contrary is not sufficient to trigger this Court's review.[1]

Continuing to take individual factors out of context, the petition further states that "the Federal Circuit placed considerable weight on its finding that '. . . there was no intent evidenced by the patentee that would support E.J.'s argument that replacement of the tips is repair.'" [Pet. 15]. Once again, there was no such weight placed on this factor, and its consideration is totally appropriate. In *American Cotton-Tie Co. v. Simmons*, 106 U.S. 89, 94 (1882) (emphasis added), this Court found infringing reconstruction, upon confirming that there was no contrary evidence of intent:

> The case is not like putting new cutters into a planing-machine, as in *Wilson v. Simpson*, 9 How. 109, in place of cutters worn out by use. The principle of that case was that temporary parts wearing out in a machine might be replaced to preserve the machine, *in accordance with the intention of the vendor*, without amounting to a reconstruction of the machine.

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[1] E.J. contends that there is a market for retipping in general and that retipping is commonplace in the industry. [Pet. 5 and 14]. Such evidence is, however, not relevant to the patented drills at issue here, and the Federal Circuit recognized it as such. [App. 8a]. It is undisputed that no one, other than E.J., retips Sandvik's patented drills.

Thus, it was completely appropriate for the Federal Circuit to note that there was no objective evidence that the carbide tips were intended to be replaced, as this Court did in *American Cotton-Tie*. The Federal Circuit merely confirmed that this case was not like others that reached a conclusion of permissible repair. *See, e.g.*, *Sage Prods., Inc. v. Devon Indus., Inc.*, 45 F.3d 1575, 1578-79 (Fed. Cir. 1995) (finding objective evidence of intent to support conclusion of permissible repair, where replacement part was removable and disposable, patentee itself sold replacement parts for use in patented combination, and patentee provided instructions concerning part replacement); *Kendall Co. v. Progressive Medical Tech., Inc.*, 85 F.3d 1570, 1575 (Fed. Cir. 1996) (finding objective evidence of intent to support conclusion of permissible repair under circumstances similar to *Sage Prods.*).

Nonetheless, the petition yet again seals its own fate, conceding that "[e]vidence that a patentee intended that an unpatented part be replaced may well be relevant to the question of whether the patentee has admitted that repair was permissible." [Pet. 15]. It was simply not improper to reference any such evidence.

Although the petition attempts to make much of individual issues in isolation, it is clear that the isolated portions of the opinion that are taken out of context appropriately confirmed that there were no additional facts or circumstances that would support a contrary conclusion of permissible repair. The decision below was well-reasoned, properly considered the totality of the circumstances and is consistent with settled law. The petition is much ado about nothing, and this Court should deny review.

III. The decision was based on its own facts and circumstances and does not produce any far reaching consequences

In its final plea, the petition claims that the Federal Circuit's decision produces far reaching consequences. There are, however, no such consequences, and the decision makes clear that it was reached based on the particular facts and circumstances of this case.

For instance, the petition claims that the Federal Circuit improperly extended Sandvik's patent protection to an unpatented component of the patented drill, which would, it is argued, unsettle this area of patent law. [Pet. 16]. However, consistent with the petition's theme, this contention ignores the opinion's specific analysis to the contrary. Indeed, the Federal Circuit made clear that the drill tip was not separately patented, [App. 2a], and explicitly cited and relied on this Court's statement in *Aro I* that:

> No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly, however essential it may be to the patented combination and no matter how costly or difficult replacement may be.

[App. 5a] (quoting *Aro I*, 365 U.S. at 345).

There is, therefore, no basis for the petition's argument that the decision below unwittingly extended Sandvik's patent protection to the unpatented tip of the drill, and the Federal Circuit's analysis never suggested that it did. [App. 6a - 7a] (considering E.J.'s activities with respect to the drill as a whole

and concluding that E.J.'s activities re-create the patented drill after it had become spent).

Nevertheless, the petition further claims that the Federal Circuit's decision has far reaching economic consequences on various repair industries. Not only is this contention overly melodramatic, it is also not true. The Federal Circuit's decision solely concerns Sandvik's patented Coromant Delta drills and only E.J.'s activities with respect to those drills. There is no affect on any other patented product or industry, and the decision never suggests otherwise. [App. 9a] (indicating that there is no bright-line test and reaching its conclusion "based on all of the facts *in this case*") (emphasis added).

If there is any downstream consequence at all, it is merely to serve as a reminder of this Court's rule from *Aro I*: where a defendant, without authority, in fact makes a new article, after the patented entity as a whole has become spent, those actions constitute infringement. Here, it is only E.J. who has committed such actions, and it is thus E.J. alone who must suffer any resultant consequences. There is simply no need for this Court's review.

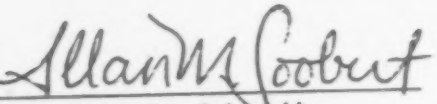
CONCLUSION

There is no conflict with this Court's precedent, and the petition's portrayal to the contrary badly distorts the underlying analysis. The Federal Circuit scrutinized all of the facts and circumstances and properly applied the plain and practical test laid down by this Court in *Aro I*. The Federal Circuit correctly concluded that the extensive retipping activities re-create the patented invention after it had become spent.

Contrary to the allegations in the petition, the decision below did not accord any individual issue undue weight in reaching this result. The Federal Circuit merely addressed these issues to confirm, as this Court itself has done, that there were no additional facts or circumstances that would tend to support a contrary conclusion of permissible repair.

The petition's factbound claims simply do not provide any cause for this Court's review. It is, therefore, respectfully requested that the writ be denied.

Respectfully submitted,

February 13, 1998 By: 

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